

Service Date: November 8, 2000

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER of the Application of)	
Energy West Incorporated for an)	Utility Division
Order Approving \$22,000,000 in)	Docket No. D2000.10.174
Short Term Debt)	Default Order No. 6289

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FINDINGS OF FACT

1. On October 19, 2000 Energy West, Incorporated (the Company) petitioned the Montana Public Service Commission for approval of its short term debt instruments. The petition was filed pursuant Title 69-3-501 MCA et seq. The Petition included copies of the Renewal Promissory Note in the amount of \$11,000,000 with Norwest Bank Montana, National Association (Norwest), and a Revolving Note with First Bank Montana, National Association (First Bank) in the amount of \$11,000,000.

2. The Company indicated in its application that the funds borrowed pursuant to the referenced instruments relates to the Companies need for working capital. This working capital requirements is caused by increased demands for cash during the construction season when revenues are very low due to seasonal weather as well as the demands to pay for gas being purchased and placed in storage for the following heating season. The Company's also indicated that its need for financing has increased over what it expected to require because of the large un-recovered balances in its gas cost tracking account in the Montana division. Finally, the Company believes that it is achieving a lower total cost of debt by utilizing short term instruments until such time as its needs for permanent financing are at a level that the issuance costs would be a lower percent of the

total than it would be if it converted its short term debt into permanent financing at this time.

3. This Petition is governed by MCA Title 69 Section 3 part 5. Section 69-3-504, MCA, requires that the Commission find that the transactions are in the public interest, that they are permitted under that section of the statutes, that the aggregate amount of the securities outstanding do not exceed the fair value of the properties and business of the public utility.

4. Based on the information provided by the Company in its Petition, the Commission finds that these requirements have been satisfied.

5. After consideration of the Petition, including the above stated facts, the Commission makes the following:

CONCLUSIONS OF LAW

1. Energy West, Incorporated, is a public utility furnishing natural gas in the communities of Great Falls, Ulm and West Yellowstone, Montana. It also owns a utility distribution system providing vaporized propane to the community of Cascade, Montana. It also has utility operations in Wyoming and Arizona.

2. Section 69-3-501, MCA et seq. provides for the regulation of issuances of securities and the creation of liens by gas and electric utilities including the following requirements: (a) the transaction must be in the public interest; (b) the purposes of the securities be consistent with the MCA; and, (c) the aggregate amount of the Company's securities outstanding and proposed to be outstanding will not exceed the fair value of the properties and business of the public utility.

ORDER

IT IS, THEREFORE, ORDERED by the Commission that:

ENERGY WEST DOCKET D2000.10.174, ORDER NO. 6289

1. The petition of Energy West, incorporated, filed on October 23, 2000 to approve the Renewal Promissory Note in the amount of \$11,000,000 with Norwest Bank Montana, National Association and its Revolving Note with First Bank Montana, National Association in the amount of \$11,000,000 are hereby approved. The authority granted in this Order is valid through December 31, 2003.

2. Issuance of this Order shall not be interpreted as any indication of the ratemaking treatment to be accorded to the Company in future rate proceedings. Approval of the transactions authorized shall not be precedent to any future action of this Commission.

3. Section 69-3-507, MCA, provides that neither the issuance of securities by Energy West, Incorporated pursuant to the provisions of this Order, nor any other act or deed done or performed in connection with the issuance, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any security authorized, issued, assumed or guaranteed.

4. This Order shall be effective upon execution.

DONE IN OPEN SESSION at Helena, Montana, this 6th day of November, 2000, by a vote of 5-0 .

ENERGY WEST DOCKET D2000.10.174, ORDER NO. 6289

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

DAVE FISHER, Chairman

NANCY MCCAFFREE, Vice Chair

BOB ANDERSON, Commissioner

GARY FELAND, Commissioner

BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.